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A 280.3449
C. 39 Reserve

Volume 8

MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE MARKETING AREA

February 1964

Number 7

Released Pursuant to §1090.27 (j) and §1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

CURRENT SERIAL RECORDS

MARKET SUMMARY FEBRUARY 1964

The MINIMUM uniform producer price is \$4.78 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3 5% butterfat. The producer butterfat differential is 7.4 cents for each one-tenth of one percent above or below 3.5 percent.

During February, 92.0% of the total producer milk was priced in Class I at \$4.98 per cwt. with a butterfat differential of 7.5 cents and 8.0% in Class II at \$2.82 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Gross Class I milk increased 1.3% compared with January 1964 and increased 22.2% compared with February 1963.

Daily average delivery of milk from producers was 533,574 pounds in February 1964, an increase of 1,255 pounds per day compared with January 1964 and an increase of 36,097 pounds compared with February 1963. Percentage-wise, February deliveries increased 0.2% compared with January 1964 and increased 7.3% compared with February 1963.

SUPPORT PRICES MAINTAINED AT 75 PERCENT OF PARITY

The U. S. Department of Agriculture announced on February 10, 1964, the national average support prices for the 1964-65 marketing year of \$3.15 cwt. for manufacturing milk and 58 cents per pound for butterfat. The comparable prices for the 1963-64 marketing year, also at 75 percent of parity, were \$3.14 and 58.1 cents. The butterfat test of milk on which this price is based was 3.75 percent. A corresponding price for manufacturing milk of 3.5 percent butterfat would be \$2.94 per hundredweight.

In carrying out the program to support prices to farmers for milk and butterfat, USDA will, as in the past, offer to purchase butter, cheddar cheese, and nonfat dry milk in carlot quantities. Buying prices for these three dairy products are the same as the current year's prices because last year's experience indicates that these prices will keep producer average returns at the national levels announced today for the coming marketing year.

SENTENCE IMPOSED IN MILK ORDER VIOLATION

Beatrice Foods Company of Topeka, Kansas, was fined a total of \$6,000 on February 14, 1964, by Judge John W. Oliver of the U. S. District Court for Western Missouri. The fine was the result of a court decision of December 18 which found the firm guilty on 24 counts of violating the Greater Kansas City milk marketing order.

The court found that Beatrice Foods had falsely reported twelve milk producers as approved by the Topeka Health Department from thirteen days to three and one-half months before they actually were approved as Grade A. In addition to the fine assessed, Beatrice also paid to the Market Administrator the amount of \$5,336.58 which had been illegally obtained from the Producer-Settlement Fund based on false reports submitted by the handler.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Feb. '64</u>	<u>Jan. '64</u>	<u>Feb. '63</u>
Number of Plants (Pool and Non-Pool)	13	13	15
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	533,574	532,319	497,477
% February '64 compared with:	100.0	100.2	107.3
Other Source	11,337	13,536	10,694
Other Order	<u>30,880</u>	<u>22,370</u>	<u>35,564</u>
Total Milk Receipts	575,791	568,225	543,735
% February '64 compared with:	100.0	101.3	105.9
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	411,274	399,611	321,835
Fluid Skim	24,575	24,482	20,728
Buttermilk	45,131	44,878	39,618
Flavored Milk & Drink	11,594	11,369	8,768
Fluid Creams (Sweet & Sour)	2,950	2,814	2,648
Bulk to Non-Handlers	1,106	5,134	11,701
Shrinkage Class I	2,337	3,549	2,887
Other	<u>(1,902)</u>	<u>(1,136)</u>	<u>(1,535)</u>
Total Class I Milk	497,065	490,701	406,650
% February '64 compared with:	100.0	101.3	122.2
Class II Uses:			
Butter	616	3,266	701
Cottage Cheese	23,258	20,690	18,510
Powdered and Condensed Milk	19,242	14,160	67,580
Ice Cream	24,850	25,561	37,368
Stockfeed	3,874	3,805	3,704
Shrinkage Class II	8,767	9,492	7,731
Other	<u>(1,881)</u>	<u>550</u>	<u>1,491</u>
Total Class II Milk	78,726	77,524	137,085
% February '64 compared with:	100.0	101.6	57.4
Gross Class I Butterfat Pounds	17,665	17,429	14,488
Gross Class II Butterfat Pounds	<u>6,185</u>	<u>6,506</u>	<u>8,498</u>
Total Butterfat Pounds	23,850	23,935	22,986
% Producer Milk of Gross Class I	107.3	108.5	122.3
% Producer Milk priced in Class I	92.0	91.3	80.5

MARCH 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Mar. '64</u>	<u>Feb. '64</u>	<u>Mar. '63</u>
Basic Formula	\$3.16	\$3.17	\$3.10
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	<u>0.16</u>	<u>0.06</u>	<u>(0.10)</u>
Class I Price, 3.5% Butterfat	\$5.07	\$4.98	\$4.75
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: January and February			
Supply: Lbs. Producer Milk (Jan. 16,501,891 and Feb. 15,473,646)			31,975,537
Demand: Lbs. Net Class I Milk (Jan. 15,091,533 and Feb. 14,335,364)			29,426,897
Utilization Percentage: Producer milk divided by Class I			109
Standard Utilization Percentage: Range 117-121			117
Net Deviation Percentage: Utilization minus Standard Utilization			minus 8
Supply-Demand Adjustment: 2 cents x 8 percentage points			plus \$0.16

Since the supply in relation to the demand is less than the desired standard, the price is increased 16 cents per hundredweight (2 cents x 8 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR FEBRUARY 1964
Based on 12 plant reports prior to audit (One plant excluded per § 1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		13,683,126	3.538		
Less Other Source		173,561	1.825		
Producer Milk Class I	91.8	13,509,565	3.560285	\$5.025214	\$678,884.55
Gross Class II		2,260,388	7.773		
Less Other Source		1,046,330	3.076		
Producer Milk Class II	8.2	1,214,058	11.821840	8.395633	101,927.85
TOTAL PROD. (Cl. I + Cl. II)	100.0	14,723,623	4.241504		780,812.40
Less Fractional Adjustment					0.02
Add Compensatory Payment and Inventory Reclassification Value					99.35
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					9,810.22
TOTAL VALUE AT TEST		14,723,623	4.241504		790,721.95
Less Test Over 3.5% @ 7.4¢ per point		14,723,623	.741504	0.548713	80,790.43
TOTAL VALUE AT 3.5%		14,723,623	3.5	4.821718	709,931.52
Less Producer-Settlement Fund Reserve		14,723,623		.041718	6,142.40
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		14,723,623	3.5	\$4.78	\$703,789.12

FEBRUARY 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.41	3.6	\$4.854	4.2	\$5.298	4.8	\$5.742	5.4	\$6.186
3.05	4.447	3.65	4.891	4.25	5.335	4.85	5.779	5.45	6.223
3.1	4.484	3.7	4.928	4.3	5.372	4.9	5.816	5.5	6.26
3.15	4.521	3.75	4.965	4.35	5.409	4.95	5.853	5.55	6.297
3.2	4.558	3.8	5.002	4.4	5.446	5.0	5.89	5.6	6.334
3.25	4.595	3.85	5.039	4.45	5.483	5.05	5.927	5.65	6.371
3.3	4.632	3.9	5.076	4.5	5.52	5.1	5.964	5.7	6.408
3.35	4.669	3.95	5.113	4.55	5.557	5.15	6.001	5.75	6.445
3.4	4.706	4.0	5.15	4.6	5.594	5.2	6.038	5.8	6.482
3.45	4.743	4.05	5.187	4.65	5.631	5.25	6.075	5.85	6.519
3.5	4.78	4.1	5.224	4.7	5.668	5.3	6.112	5.9	6.556
3.55	4.817	4.15	5.261	4.75	5.705	5.35	6.149	5.95	6.593

MILK SAMPLES TESTED - Producer Fresh Samples 5,548 - Handler Finished Products 181.

ANNOUNCED 1964 PRODUCER BASES

The average daily bases that producers established during the months of September 1963 thru January 1964 were announced by the Market Administrator during February 1964. Any producer who established a base but did not receive a base notice should contact the office of the Market Administrator.

PRODUCER ANNOUNCED BASES - FOUR YEARS COMPARISON

Base Range Pounds	1964	1963	1962	1961	Base Range Pounds	1964	1963	1962	1961
	Number of Producers					Number of Producers			
0- 99	4	2	0	4	700- 799	47	51	50	53
100-199	20	15	20	22	800- 899	52	44	47	41
200-299	49	51	64	78	900- 999	38	45	35	29
300-399	66	71	94	103	1000-1499	112	109	103	90
400-499	92	82	85	93	1500-1999	40	24	26	19
500-599	70	86	98	86	Over-2000	20	20	10	10
600-699	73	63	52	54	Total Prod.	683	663	684	682

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Feb. '63	\$4.24	-	-	7.2¢	\$4.63	7.5¢	\$2.76	6.7¢
Mar.	4.33 ^{2/}	\$4.42	\$2.71	7.2	4.75	7.5	2.75	6.7
Apr.	4.23 ^{2/}	4.41	2.66	7.2	4.82	7.5	2.70	6.7
May	4.21 ^{2/}	4.34	2.62	7.2	4.79	7.5	2.66	6.7
June	4.17 ^{2/}	4.29	2.62	7.2	4.82	7.5	2.66	6.7
July	4.23 ^{2/}	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	4.30	-	-	7.4	4.61	7.5	3.20	6.9
Oct.	4.42	-	-	7.6	4.63	7.8	3.15	6.7
Nov.	4.69	-	-	7.4	4.88	7.6	3.13	6.7
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan. '64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	4.78	-	-	7.4	4.98	7.5	2.82	6.7
Mar.	-	-	-	-	5.07	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
			4 Tenn.	Chi.92°	Chi.Area	Minn.-Wisc.	
	Milk Mfg.	Butter Powder	Milk Mfg. \$-cwt-4%	Butter ¢ Lb.	Powders ¢ Lb.	Mfg.Grade Milk \$-cwt-3.5%	
Feb. '63	2.76	3.08	3.100	57.94	13.95		3.10
Mar.	2.75	3.12	3.088	57.97	14.07		3.09
Apr.	2.70	3.09	3.031	57.97	13.97		3.08
May	2.66	3.09	3.000	57.97	13.94		3.07
June	2.66	3.12	3.000	57.97	14.04		3.08
July	2.66	3.12	3.000	57.97	14.03		3.09
Aug.	2.66	3.12	3.000	57.97	14.07		3.10
Sept.	2.66	3.20	3.000	59.70	14.18		3.12
Oct.	2.73	3.15	3.070	58.48	14.18		3.15
Nov.	2.80	3.13	3.138	58.09	14.26		3.16
Dec.	2.82	3.12	3.150	58.01	14.28		3.16
Jan. '64	2.82	3.12	3.150	57.97	14.30		3.17
Feb.	2.82	3.12	3.150	57.97	14.24		3.16

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Feb. '63	15	543,735	406,650	400,237	497,477	-	694	717	-	-	4.32
Mar.	16	522,627	400,023	385,801	481,460	456,507	661	728	691	37	4.17
Apr.	16	639,239	436,741	430,582	581,767	523,287	706	824	741	83	4.02
May	16	608,339	425,232	418,915	561,122	514,672	701	800	734	66	4.01
June	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00
Sept.	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02
Oct.	14	557,444	477,892	471,754	531,484	-	689	771	-	-	4.20
Nov.	14	541,145	477,597	472,618	517,129	-	684	756	-	-	4.29
Dec.	14	554,904	443,411	438,851	519,303	-	683	760	-	-	4.42
Jan. '64	13	568,225	490,701	485,963	532,319	-	683	779	-	-	4.33
Feb.	13	575,791	497,065	491,080	533,574	-	683	781	-	-	4.24

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I